

Indians Get \$40.4 Million From Investments by BIA

By ART BOUFFARD

As of June 30, more than \$487 million was invested by a division of the Bureau of Indian Affairs here resulting in \$40.4 million interest income for 185 Indian tribes throughout the country.

Known as the BIA Division of Financial Management, the three-man team of investors, operating out of their Albuquerque office, attained an 8.35 per cent yield by investing Indian trust funds belonging to the 185 tribes and roughly 145,000 individual Indians.

"WE ARE quite proud of our accomplishment," said John W. Vale, chief of the branch of investments and Indian Services Special Disbursing Agent. "Our location (being centrally located and between Pacific and Eastern time zones) has contributed to our success."

The BIA, often criticized, has remained quiet about its Albuquerque operation and that office's success. Although located in Albuquerque, the Branch of Investments is a Washington office moved to Albuquerque in mid-1968.

In addition to aiding tribes, the program invests Indian trust funds in banks throughout the country and currently has about \$23.5 million in New Mexico banks — which in turn aids the state's economy.

"Before the start of our program in 1966, tribes were satisfied with getting the customary 4 per cent simple interest from the U.S. Treasury. But in the wake of rising interest rates, the BIA felt it a responsibility to get the greatest return possible provided there was no risk," said George Peterson, an investment officer.

THE MAJORITY of the funds invested are derived from land claims awarded by the U.S. Indian Claims Commission.

"Since the commission was established, in excess of \$500 million has been awarded and appropriated, excluding the Alaska Native Claims which came to \$962.5 million," said Vale.

"Many of the tribes in the program — and we have 180 of about 260 tribes in continental U.S. — use the interest earnings for the operation of their tribal governments and leave the principal invested," Vale added.

Because the funds are trust funds, the local office is limited by law to those investments that are 100 per cent guaranteed. "This includes U.S. Treasury Securities, other government agency issues, and bank time certificates of deposit that are backed by guaranteed collateral that the banks pledge with a Federal Reserve Bank.

"TO SHOW YOU the success of the program and acceptance by Indian tribes," said Peterson, "a year and a half ago we had 100 tribes in the program. The other tribes heard of our program and its success rate, and joined the program. We now have 185 tribes."

The June 30, 1974, \$40.4 million total earnings average rate of return of 8.35 per cent is based on a \$484.2 million investment during the year. It also represents a 40 per cent increase from fiscal 1973 in which the branch realized \$28.9 million total earnings average rate of return of 6.55 per cent on \$441 million invested.

"Since most tribes are lo-

cated in the Southwest, the location of our office is ideal," said Vale. "We likewise try to invest money near where a tribe is located so as to generate business for the tribe. We invest funds for tribes from Alaska to Florida."

"OUR INVESTMENT officers begin coming to work at 6 a.m. so our office can provide 12-hour-a-day coverage," said Peterson. "Our advantage in Albuquerque is that when banks are opening on the East Coast, banks are still closed here and on the West Coast. When the banks begin to close on the East Coast, they are still open on the West Coast."

The Albuquerque office, likewise, serves as the central disbursement point for the BIA with additional employees to aid in the disbursement of funds through 12 offices located throughout the state.

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